

## **KUALA LUMPUR CITY CORPORATION BERHAD (426627-H)**

### **QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006**

#### **Notes (In compliance with FRS 134)**

##### **A1. Accounting policies**

The Unaudited Quarterly Report has been prepared in accordance with the Financial Reporting Standards 134 ('FRS' 134) issued by Malaysian Accounting Standards Board ('MASB') on 'Interim Financial Reporting' and Chapter 9, part K of the Listing Requirements of Bursa Malaysia Securities Berhad ('BMSB').

The accounting policies and methods of computations adopted by the Group in these quarterly financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2005 except for the adoption of the new and revised financial reporting standards ('FRS') and interpretations issued by the MASB that are effective for annual periods beginning on or after 1 January 2006 which are relevant to the Group's operations.

The application of the revised FRS 101 Presentation of Financial Statements has resulted in a change in the presentation of the income statements, balance sheets, statements of changes in equity and cash flow statements. In particular share in results of associated company is now presented net of tax in the income statement of the Group. The changes in the presentation have been applied retrospectively and accordingly, certain comparative figures have been restated.

The adoption of these new and revised FRS and interpretations by the Group did not result in any significant financial impact.

##### **A2. Audit report of previous annual financial report**

The audit report of the previous annual financial report was not qualified.

##### **A3. Seasonal or Cyclical Factors**

The Group's operations are not affected by any seasonal or cyclical factors.

##### **A4. Unusual items affecting financial statements**

There were no unusual items affecting the financial statements for the period ended 31 December 2006.

##### **A5. Change in accounting estimates**

There was no change in accounting estimates used in the preparation of the financial statements in the current financial quarter as compared with the previous financial year.

##### **A6. Debts and Equity Securities**

There was no transaction in Group debts and equity securities for the period ended 31 December 2006.

## A7. Dividend Paid

No dividend has been paid during the financial period. The Board of Directors has not declared or recommended the payment of dividend in respect of the current financial period under review.

## A8. Segmental Information

### Quarter ended 31 December 2006

Segmental reporting by business segment has not been prepared for the current quarter under review as the Group's results are derived primarily from its investment holding activities.

Segmental analysis for the previous financial year to date is as follows:

### Quarter ended 31 December 2005

Revenue and expenses	Investment holding RM'000	Property rental RM'000	Others- Financial related services RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>					
Total revenue - External	10,094	-	-	(2,424)	7,670
<b>Results</b>					
Segment results	8,101	(1)	(10)	(2,667)	5,423
Share of results of an associate	2,795	-	-	-	2,789
Taxation					(2,396)
Profit after taxation					5,816
<b>ASSETS AND LIABILITIES</b>					
<b>Segment Assets</b>					
Segment assets	714,014	1,609	72	(434,505)	281,190
Investment in an associate	22,020	-	-	(161)	21,859
Unallocated corporate assets					121
Consolidated total assets					303,170
<b>Segment Liabilities</b>					
Consolidated total liabilities	289,304	4	79	(287,054)	2,333
Unallocated corporate liabilities					219
					2,552
<b>OTHER INFORMATION</b>					
Capital expenditure	51	-	-	-	51
Depreciation	44	-	-	-	44
Amortisation	-	-	-	308	308

Segmental reporting by geographical location has not been prepared as the Group's operations are carried out in Malaysia.

#### **A9. Revaluation of property, plant and equipment**

There has been no revaluation on any of the Group's property, plant and equipment during the current quarter under review.

#### **A10. Subsequent events**

##### **Proposed Acquisition of Sucasa Sdn. Bhd. ('SSB')**

###### Approval from the Securities Commission ('SC')

The Company had on 24 January 2007 announced that SC had vide its letter dated 19 January 2007, which was received on 23 January 2007 approved the Proposed Acquisition. Please refer to the announcement made on 24 January 2007 on the full text of the approval letter setting out, amongst others, details of the terms and conditions of the approval.

###### Extraordinary General Meeting ('EGM')

The Company had on 23 January 2006 served the Notice of EGM to its shareholders in relation to the Proposed Acquisition of SSB. The EGM is to be held on 8 February 2007, 10.00am at Sime Darby Convention Centre, Banyan, Casuarina & Dillenia Room, Ground Floor, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur.

Save from the above, there were no material events subsequent to balance sheet date.

#### **A11. Changes in the Composition of the Group**

The Board of Directors of Kuala Lumpur City Corporation Berhad wishes to announce that the Company had on 24 November 2006 dispose of its wholly-owned subsidiary namely Alpha AS Sdn Bhd ('Alpha AS') for a cash consideration of RM2.00.

Alpha AS is an investment holding company which became inactive / dormant following the cessation of its stockbroking operations in 2001.

The Disposal does not have any material effect on the net assets, earnings and gearing of the Group for the financial year ending 31 December 2006.

None of the Directors, major shareholders of the Company and / or persons connected with them has any direct / indirect interests in the Disposal.

The Company had on 24 November 2006 incorporated a new wholly-owned subsidiary in Malaysia under the Companies Act, 1965, with the name of Kingston Group Sdn Bhd ('KGSB').

The authorised share capital of KGSB is RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each of which 2 ordinary shares of RM1.00 each are issued and fully paid-up.

The principal activities of KGSB is that of investment holding.

The incorporation does not have any material effect on the net assets, earnings and gearing of the Group for the financial year ending 31 December 2006.

None of the Directors, major shareholders of the Company and / or persons connected with them has any direct/indirect interests in the incorporation.

#### **A12. Changes in contingent liabilities or contingent assets**

There were no changes in the contingent liabilities or contingent assets during the current quarter under review.

### **A13. Commitment**

There was no material commitments not provided for in the financial statements as at 31 December 2006.

### **A14. Related Party Transactions**

Related Party Transactions had been entered into the ordinary course of business based on normal commercial terms and at arms length.

### **A15. Others**

#### Status of Practice Note 10/2001 ('PN10')

Following the disposal of the stockbroking related subsidiaries which represents the core business of the Group, the Company is now an affected listed issuer pursuant to PN10.

Pursuant to PN10, the Company is required, amongst others, comply with the following :-

- 1) within 9 months from the date of the Initial Announcement, i.e. by 30 September 2005, announce a detailed proposal on Bursa Malaysia Securities Berhad ('Securities Exchange') to ensure level of operations that is adequate to warrant continued trading and / or listing on Bursa Securities. Such announcement refers to as the Requisite Announcement;
- 2) submit the proposal within 2 months from the Requisite Announcement;
- 3) obtain all necessary approvals for the implementation of the proposal within 4 months from the date of the submission of the proposal.

Subsequently, the Securities Exchange had granted extension of time to 30 September 2006 for the Company to make its Requisite Announcement. Accordingly, in compliance with the PN10 requirement, the Company had on 30 August 2006 made the Requisite Announcement to the Securities Exchange in relation to the Proposed Acquisition of the entire equity interest in Sucasa Sdn Bhd ('SSB'). In addition, the Company had on 20 October 2006 and 30 October 2006 submitted the application for approval to the SC and Foreign Investment Committee ('FIC') respectively.

The Proposed Acquisition was approved by SC on 19 January 2007 and the EGM for shareholders to approve the Proposed Acquisition is to be held on 8 February 2007. Please refer explanatory Note **A10** for details.

Please refer explanatory Note **B8** for details of the Proposed Acquisition.

On 30 November 2006, a wholly-owned subsidiary of the Company, U.C.M. Realty Sdn Bhd (U.C.M) submitted a purchase bid for an office block by placing an earnest refundable deposit of RM902,000 to the vendor. The vendor had vide its letter dated 18 December 2006 informed U.C.M. that its purchase bid had been shortlisted and are presently evaluating the same for acceptance.

**A16. Comparative**

Certain comparative figures have been reclassified to conform with current year's presentation.

**Individual quarter**

	<b>As restated</b>	<b>Previously stated</b>
	<b>RM'000</b>	<b>RM'000</b>
Operating revenue	1,651	7,063
Other operating income	786	(4,626)

## **Notes (BMSB Revised Listing Requirements)**

### **B1. Review of the performance of the Group**

For the fourth quarter ended 31 December 2006, the Group reported a higher profit before taxation of RM3.6 million as compared to RM1.6 million in the previous corresponding quarter.

The profit before taxation of RM3.6 million is mainly contributed by interest income derived from fixed deposits of cash received from sale proceeds arising from the disposal of stockbroking business and dividend income.

The increase of profit before taxation in the current quarter under review is mainly due to special dividend received from Bursa Malaysia Berhad.

The Board of Directors are of the opinion that no item, transactions or event of a material and unusual nature that has arisen which would significantly affect the results of the operations of the Group for the period from 31 December 2006 to the date of issue of this announcement.

### **B2. Material changes in Quarterly Results**

Profit before taxation of the Group has increased to RM3.6 million in the current quarter as compared to the profit before taxation for last quarter ended 30 September 2006 of RM2.5 million. The increase is mainly contributed by special dividend received as mentioned in Note **B1**.

### **B3. Current year prospect**

Following the completion of disposal of its core business on 31 December 2004, the Company is now an affected issuer pursuant to PN10.

The Company had on 30 August 2006 made the Requisite Announcement to the Securities Exchange via its advisor, AIBB. The Requisite Announcement is in relation to the proposed acquisition of the entire equity in Sucasa Sdn Bhd ('SSB') for a cash consideration of RM53million. SSB is principally involved in the business of a hotelier and is the owner and licensed operator of the Hotel Premises which located at No.222, Jalan Ampang, 50450 Kuala Lumpur.

The Proposed Acquisition is not expected to have any material impact on the Company's consolidated earnings for the financial year ended 31 December 2006 as the Proposed Acquisition is only expected to be completed by first quarter of 2007. Nevertheless, the future earnings from SSB are expected to enhance the Company's future consolidated earnings.

Details refer to explanatory Note **B8**.

### **B4. Profit forecast / Profit Guarantee**

Not applicable in this Quarterly Report.

**B5. Taxation**

Taxation comprises the following :

	Current quarter 31 Dec 2006 RM'000	Year to date 31 Dec 2006 RM'000
Provision for taxation	<u>1,323</u>	<u>2,905</u>

The effective tax rate was higher than the statutory tax rate mainly due to expenses incurred for the Proposed Acquisition of SSB which is disallowed for tax purposes.

**B6. Unquoted Investments and / or properties**

There were no disposals or purchase of unquoted investments or properties for the period ended 31 December 2006.

**B7. Quoted Securities**

Total purchases and disposals of quoted securities were as follows :-

	Current quarter 31 Dec 2006 RM'000	Year to date 31 Dec 2006 RM'000
Total purchase consideration	<u>4,221</u>	<u>11,656</u>
Total sale proceeds	<u>2,780</u>	<u>4,369</u>
Total profits on disposal	<u>230</u>	<u>355</u>

Total investments in quoted securities as at 31 December 2006 were as follows:-

At cost	<u>13,990</u>
At book value	<u>13,990</u>
At market value	<u>56,482</u>

Total investment in quoted securities includes 6,072,728 ordinary shares in Bursa Malaysia Berhad which was allotted to the Company in previous year.

## **B8. Status of Corporate Proposal Announced But Not Completed As At 24 January 2007**

As mentioned in Note **A15**, the Company is an affected listed issuer pursuant to PN10 and is required to make its Requisite Announcement by 30 September 2006. Accordingly, in compliance with the PN10 requirement, the Company had on 30 August 2006 made its Requisite Announcement in relation to the Proposed Acquisition of the entire equity interest in SSB. Details of which are as follow :-

Assedina Sdn Bhd ('ASB') a wholly-owned subsidiary of the Company, had on 30 August 2006 entered into a Sale and Purchase Agreement ('SPA') to acquire from Tan & Tan Developments Berhad, HICOM Properties Sdn Bhd and Topway Investments Limited the entire equity interest in SSB for a total cash consideration of RM53.0 million ('Proposed Acquisition').

The cash consideration of RM53.0 million for the Proposed Acquisition was arrived at on a willing buyer-willing seller basis after taking into consideration, inter-alia, the following :-

- 1) the unaudited net tangible assets ('NTA') of SSB as at 30 June 2006 of approximately RM45.8 million; and
- 2) the future earnings potential of SSB which owns and operate the Hotel Premises.

The Proposed Acquisition is conditional upon the approvals being obtained from the following:-

- 1) the SC (pursuant to SC's Policies and Guidelines on Issue/Offer of Securities);
- 2) the SC (pursuant to the Guideline on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests issued by the FIC);
- 3) the shareholders of the Company and ASB at an extraordinary general meeting to be convened; and
- 4) other relevant regulatory authorities.

SSB was incorporated in Malaysia on 20 October 1989 under the Companies Act, 1965 as a private limited company. As at 25 August 2006, the authorised share capital of SSB is RM60,000,000 comprising 60,000,000 ordinary shares of RM1.00 each, of which RM21,622,400 comprising 21,622,400 ordinary shares of RM1.00 each have been issued and fully paid-up. SSB does not have any subsidiary or associated companies.

SSB is principally involved in the business of a hotelier and is the owner and licensed operator of the hotel premises located at No. 222, Jalan Ampang, 50450 Kuala Lumpur.

Please refer to the announcement made on 30 August 2006 on the full text of the Requisite Announcement setting out, amongst others, details of the Proposed Acquisition and salient terms to the SPA.

The Company had on 20 October 2006 and 30 October 2006 submitted the application for approval to SC and FIC respectively.

The Proposed Acquisition was approved by SC on 19 January 2007 subject to certain terms and conditions. The EGM for shareholders to approve the Proposed Acquisition is to be held on 8 February 2007. Please refer explanatory Note **A10** for details.



**B9. Borrowing and Debt Securities**

There were no outstanding group borrowings and debt securities as at the end of the quarter ended 31 December 2006.

**B10. Off Balance Sheet Financial Instruments**

There are no financial instruments with off balance sheet risks as at the date of the issue of this announcement.

**B11. Material litigations**

There were no material litigations against the Company and its subsidiaries.

**B12. Dividend**

Please refer to explanatory Note A7.

**B13. Earning Per Share ('EPS')**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Financial Year Quarter Ended 31 Dec 2006 RM'000	Preceding Financial Year Corresponding Quarter Ended 31 Dec 2005 RM'000	Current Financial Year To date 31 Dec 2006 RM'000	Preceding Financial Year To date 31 Dec 2005 RM'000
(a) Basic Earnings per share				
Group's profit after tax used as numerator in the calculation of basic EPS	2,143	1,290	6,603	5,816
Weighted average no of ordinary shares in issue used as denominator in the calculation of basic EPS	223,068	223,068	223,068	223,068
Basic Earnings Per Share (sen)	0.96	0.58	2.96	2.61
(b) Diluted Earnings Per Shares	N/A	N/A	N/A	N/A

By order of the Board  
**KUALA LUMPUR CITY CORPORATION BERHAD**

WONG KEO ROU (MAICSA 7021435)  
Secretary  
Kuala Lumpur  
26 January 2007